

Message Text

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ORIGIN SS-15

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE

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EXDIS, TOECO 12

E.O. 11652: XGDS

TAGS: OVIP (CASEY, WILLIAM)

SUBJECT: SPECIAL SUMMARY NUMBER 4

1. CANADA WILL BOW TO ARAB PRESSURE

THE MONTREAL GAZETTE OF NOVEMBER 6 REPORTED THAT ENERGY MINISTER MACDONALD SAID IN AN INTERVIEW THAT CANADA WOULD CUT OFF EXPORTS OF REFINED PETROLEUM PRODUCTS TO THE US IF ARAB COUNTRIES MADE SUCH ACTION A PREREQUISITE FOR CONTINUING CRUDE OIL SHIPMENTS. DURING THE SAME INTERVIEW, MINISTER MACDONALD ADDED THAT CANADA WOULD NOT HALT EXPORT OF ITS OWN CRUDE, AND DENIED AN EARLIER REPORT THAT THE CANADIAN RESPONSE TO ARAB PRESSURE WOULD BE TO CUT OFF ALL EXPORTS TO THE US. (UNCLASSIFIED) OTTAWA 2646, 11/6.

2. SAUDIS EXPECT MUCH FROM SECRETARY'S VISIT

AMBASSADOR AKINS IN RIYADH REPORTS THAT, ON THE EVE OF THE SECRETARY'S VISIT, SAUDI HOPES FOR A SOLUTION TO THE MIDDLE EAST PROBLEM ARE AT AN ALL-TIME HIGH. THEY ATTACH IMMENSE IMPORTANCE TO THE VISIT AND EXPECT, IF NOT MIRACLES, AT LEAST INSTANTANEOUS RESULTS. SAUDI ECONOMIC/PETROLEUM PRESSURE, HOWEVER, WILL CONTINUE UNTIL SOME PROGRESS HAS BEGUN TOWARD ACHIEVING "JUSTICE." (SECRET) RIYADH 18,

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11/7 (EXDIS).

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3. FOOD EMBARGO ON SAUDIS WOULD BE COUNTER-PRODUCTIVE

REGARDING A SENATE BILL WHICH WOULD PROHIBIT EXPORTS OF GRAIN TO COUNTRIES WHICH LIMIT OIL EXPORTS TO THE US, EMBASSY JIDDA NOTES THAT SAUDI ARABIA CURRENTLY IMPORTS OVER HALF OF ITS FOODGRAINS FROM THE US, BUT THAT THIS IS A TEMPORARY SITUATION RESULTING FROM PRODUCTION DIFFICULTIES IN PAKISTAN AND THAILAND THIS YEAR. A FOOD EMBARGO WOULD CAUSE SAUDI ARABIA CONSIDERABLE INCONVENIENCE NOW, BUT IT WOULD BE INEFFECTIVE IN THE LONG RUN AND WOULD BE VIEWED AS VINDICTIVE BY THOSE MOST FRIENDLY TO US INTERESTS. (CONFIDENTIAL) JIDDA 4925, 11/7.

4. JAPANESE PETROLEUM SITUATION TIGHTENING

EMBASSY TOKYO REPORTS OFFICIAL JAPANESE ESTIMATES THAT JAPAN WILL LOSE ABOUT 15-16 PERCENT OF ITS EXPECTED CRUDE OIL SUPPLIES BY DECEMBER 1. BECAUSE OF THE ARAB OIL CUTBACKS SOME INTERNAL ENERGY REDUCTIONS HAVE ALREADY BEGUN OR HAVE BEEN ANNOUNCED IN JAPAN. IN ADDITION, THE FINAL DRAFTING OF GOVERNMENT CONTINGENCY PLANS FOR DEALING WITH THE OIL SHORTAGE IS NOW UNDERWAY. (CONFIDENTIAL) TOKYO 14499 AND 14521, 11/7.

5. JAPANESE TO SEEK OIL OFF HAIPHONG?

TOKYO PRESS REPORTS INDICATE THAT TWO JAPANESE FIRMS HAVE AGREED WITH NORTH VIETNAM TO STUDY A JOINT VENTURE TO EXPLORE FOR OIL IN THE TONKIN GULF. THESE REPORTS SAY THAT RESERVES IN THAT AREA HAVE BEEN PROVED BY THE NORTH VIETNAMESE WITH SOVIET TECHNOLOGY. HOWEVER, EMBASSY TOKYO HAS EVIDENCE THAT AN EARLIER SURVEY TEAM SENT TO NORTH VIETNAM FOUND THAT OIL DEPOSITS IN THE TONKIN GULF WERE SO DEEP THAT IT WOULD TAKE EIGHT YEARS TO REACH PROFITABLE PRODUCTION UNLESS US TECHNOLOGY WERE USED. (SECRET) TOKYO 14498, 11/7.

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6. SOVIETS SEEK ADMINISTRATION VIEWS ON MFN

A SOVIET FOREIGN MINISTRY OFFICIAL HAS ASKED EMBASSY MOSCOW FOR AN OFFICIAL EXPLANATION OF THE ADMINISTRATION'S INTENTIONS REGARDING MOST-FAVORED-NATION (MFN) STATUS FOR THE SOVIET UNION. THE OFFICIAL SAID THAT THE USA DIVISION OF THE FOREIGN MINISTRY UNDERSTOOD THE ADMINISTRATION'S WITHDRAWAL OF MFN FROM THE TRADE BILL WAS A DESIRABLE TACTICAL MOVE TO BE FOLLOWED LATER BY CONTINUED EFFORT TO OBTAIN MFN THROUGH OTHER LEGISLATION. HOWEVER, "OTHERS" IN MOSCOW DO NOT HAVE THE SAME UNDERSTANDING. (CONFIDENTIAL) MOSCOW 13953, 11/7. RUSH

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